

May 3, 2006

Ms. Shannon R. Turner, J.D.
Commissioner
Cabinet for Health and Family Services
Department for Medicaid Services
275 East Main Street, 6W-A
Frankfort, Kentucky 40621-0001

Attention: Stephanie Brammer-Barnes

Dear Ms. Turner:

We are pleased to inform you that Kentucky's Medicaid reform plan is being approved today. In order to implement the Governor's plan, State Plan Amendments (SPAs) submitted under the following transmittal numbers are approved: 06-006; 06-007; 06-008; and 06-010.

On April 20, 2006, the Commonwealth of Kentucky submitted multiple SPAs as part of a larger Medicaid reform effort. The overall guiding principles of the Commonwealth's Medicaid reform program are to promote and improve the health status of its beneficiaries, to ensure beneficiaries receive timely and appropriate care in the right setting, and to empower beneficiaries to be active participants in their own healthcare.

Kentucky is implementing most of its reform program through the flexibilities granted under the Deficit Reduction Act of 2006 (DRA). The Commonwealth will introduce health plans tailored to better meet the needs of specific populations through the use of benchmark plans granted under section 6044 of the DRA, State Flexibility in Benefit Packages, which added section 1937 of the Social Security Act (the Act). The approval of SPA number 06-010 allows the State to provide alternative benefit packages for Medicaid beneficiaries. Kentucky will also implement a non-emergency medical transportation (NEMT) brokerage program (SPA 06-008) through section 6083 of the DRA, which added a new section 1902(a)(70) of the Act.

The approval of these SPAs will allow the Commonwealth to:

- Provide four population specific benefit packages that vary in amount, duration and scope for optional services, resulting in tailored benefit packages that meet population specific health care needs (SPA 06-007; 06-010);
- Require beneficiaries to share in the cost of covered services; however for those individuals covered under the benefit flexibility of DRA, cost sharing has been reduced from current Medicaid State plan levels (SPA 06-006; 06-010);

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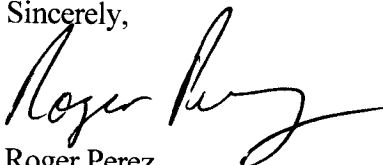
- Provide Disease Management Programs that will be developed and phased in by geographic area to assist beneficiaries with specific chronic illnesses. Also, "Get Healthy" Benefits will be established under the Disease Management Program, to provide incentives to Medicaid beneficiaries practicing healthy behaviors (SPA 06-010); and
- Promote private health insurance coverage. All Kentucky Health Choices beneficiaries, with the exception of children, may elect to voluntarily opt-out of Medicaid into Employer Sponsored Insurance (ESI) when the beneficiary has access to ESI (SPA 06-010).

Prior to implementation, the Department for Medicaid Services must comply with Federal requirements of advance public notice, which can include, but are not limited to State website posting or public service announcements.

Approval of these SPAs is limited to the scope of the submitted benefit provisions and does not constitute approval of any change in reimbursement methodologies, new reimbursement methodologies, or change in the sources of non-Federal share funding utilized by the Commonwealth to make such Medicaid payments.

Enclosed is a copy of the approved plan pages and the HCFA-179 forms. If you have any questions, please contact Ms. Jean Sheil, Director of the Family and Children's Health Programs Group at 410-786-5647. We congratulate Kentucky on its pioneering efforts to implement the flexibility afforded to states under the DRA.

Sincerely,



Roger Perez
Acting Regional Administrator

Enclosures

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

1. TRANSMITTAL NUMBER:
06-008

2. STATE
Kentucky

FROM: HEALTH CARE FINANCING ADMINISTRATION

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE
SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
June 1, 2006

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN

☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN

☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

Deficit Reduction Act of 2005 [42 USC §1396a(a)(70)]

7. FEDERAL BUDGET IMPACT:

a. FFY 2006 Budget neutral

b. FFY 2007 Budget neutral

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Att. 3.1-A, pages 9a, 9b, and 9c

Att. 3.1-B, pages 8a, 8b, and 8c

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):

Preprint pages – New to the State Plan

Note: KY Medicaid has a non-emergency medical transportation (NEMT) brokerage program in place under its 1915(b) waiver. This amendment establishes KY Medicaid's NEMT brokerage program in the state's Title XIX plan pursuant to Section 6083 of DRA.

10. SUBJECT OF AMENDMENT:

Non-emergency medical transportation brokerage program

11. GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT

☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☒ OTHER, AS SPECIFIED: Review delegated
to Commissioner, Department for Medicaid
Services

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME: Shannon Turner, J.D.

14. TITLE: Commissioner, Department for Medicaid Services

15. DATE SUBMITTED:

4-24-06

16. RETURN TO:

Department for Medicaid Services
275 East Main Street 6W-A
Frankfort, Kentucky 40621

17. DATE RECEIVED:

April 21, 2006

18. DATE APPROVED:

May 3, 2006

PLAN APPROVED – ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

June 1, 2006

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:

Roger Perez

22. TITLE:

Acting Regional Administrator

23. REMARKS: Approved with the following change to item 8: Add "Att. 3.1-A, page 9d" and "Att. 3.1-B, page 8d". Changes were authorized by the State Agency on e-mail dated May 4, 2006.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State/Territory: Kentucky

AMOUNT, DURATION, AND SCOPE OF MEDICAL AND REMEDIAL CARE
AND SERVICES PROVIDED TO THE CATEGORICALLY NEEDY

24. Any other medical care and any other type of remedial care recognized under
State law and specified by the Secretary.

a 1. Transportation

☐ No limitations

☒ With limitations

Transportation is limited to individuals requesting transportation who lack access to free transportation that meets their medical needs. Transportation is only authorized for a Medicaid-covered service that has been determined medically necessary.

a 2. Brokered Transportation

☒ Provided under section 1902(a)(70)

The State assures it has established a non-emergency medical transportation program in order to more cost-effectively provide transportation, and can document, upon request from CMS, that the transportation broker was procured in compliance with the requirements of 45 CFR 92.36 (b)-(f).

(1) The State will operate the broker program without the requirements of the following paragraphs of section 1902(a);

☐ (1) statewideness (indicate areas of State that are covered)

☐ (10)(B) comparability (indicate participating beneficiary groups)

☒ (23) freedom of choice (indicate mandatory population groups)

All Medicaid recipients covered under Kentucky's State Plan, excluding Qualified Medicare Beneficiaries, are eligible for the non-emergency medical transportation benefit. Recipients are restricted to using the regional broker and the provider assigned by the broker for the recipient's trip.

(2) Transportation services provided will include:

☒ wheelchair van

☒ taxi

TN No.: 06-008

Approval Date: 05/03/06

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Supersedes

TN No.: New

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State/Territory: Kentucky

☐ stretcher car

☒ bus passes

☒ tickets

☐ secured transportation

☒ such other transportation as the Secretary determines appropriate (please describe): Private automobiles, non-profit transit system, specialty carriers for non-emergency ambulatory disoriented persons, and specialty carriers using lift equipped vehicles in compliance with the Americans with Disabilities Act certified to transport non-emergency, non-ambulatory persons.

Private auto providers enroll via the same enrollment and credentialing process as other Medicaid providers and submit additional enrollment documents specific to the transportation program including vehicle registration, vehicle insurance coverage and a valid driver's license. This category of provider is defined in Kentucky Revised Statute 281.873.

Private auto providers are reimbursed the Kentucky State Employee mileage rate in effect for the given time period.

(3) The State assures that transportation services will be provided under a contract with a broker who:

- (i) is selected through a competitive bidding process based on the State's evaluation of the broker's experience, performance, references, resources, qualifications, and costs;
- (ii) has oversight procedures to monitor beneficiary access and complaints and ensures that transport personnel are licensed, qualified, competent, and courteous;
- (iii) is subject to regular auditing and oversight by the State in order to ensure the quality of the transportation services provided and the adequacy of beneficiary access to medical care and services;
- (iv) complies with such requirements related to prohibitions on referrals and conflict of interest as the Secretary shall establish (based on prohibitions on physician referrals under section 1877 and such other prohibitions and requirements as the Secretary determines to be appropriate);

(4) The broker contract will provide transportation to the following categorically needy mandatory populations:

- ☒ Low-income families with children (section 1931)
- ☒ Low-income pregnant women
- ☒ Low-income infants
- ☒ Low-income children 1 through 5
- ☒ Low-income children 6 – 19

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- ☒ **Qualified pregnant women**
- ☒ **Qualified children**
- ☒ **IV-E Federal foster care and adoption assistance children**
- ☒ **TMA recipients (due to employment)**
- ☒ **TMA recipients (due to child support)**
- ☒ **SSI recipients**

(5) The broker contract will provide transportation to the following categorically needy optional populations:

- ☒ **Optional low-income pregnant women**
- ☒ **Optional low-income infants**
- ☒ **Optional targeted low-income children**
- ☒ **Individuals under 21 who are under State adoption assistance agreements**
- ☐ **Individuals under age 21 who were in foster care on their 18th birthday**
- ☒ **Individuals who meet income and resource requirements of AFDC or SSI**
- ☐ **Individuals who would meet the income & resource requirements of AFDC if child care costs were paid from earnings rather than by a State agency**
- ☐ **Individuals who would be eligible for AFDC if State plan had been as broad as allowed under Federal law**
- ☒ **Individuals who would be eligible for AFDC or SSI if they were not in a medical institution**
- ☐ **Individuals infected with TB**
- ☒ **Individuals screened for breast or cervical cancer by CDC program**
- ☐ **Individuals receiving COBRA continuation benefits**
- ☒ **Individuals in special income level group, in a medical institution for at least 30 consecutive days, with gross income not exceeding 300% of SSI income standard**
- ☒ **Individuals receiving home and community based waiver services who would only be eligible under State plan if in a medical institution**
- ☒ **Individuals terminally ill if in a medical institution and will receive hospice care**
- ☐ **Individuals aged or disabled with income not above 100% FPL**
- ☐ **Individuals receiving only an optional State supplement in a 209(b) State**
- ☐ **Individuals working disabled who buy into Medicaid (BBA working disabled group)**

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State/Territory: Kentucky

- ☐ Employed medically improved individuals who buy into Medicaid under TWWIA Medical Improvement Group
- ☐ Individuals disabled age 18 or younger who would require an institutional level of care (TEFRA 134 kids)

(6) The State will pay the contracted broker by the following method:

- ☒ (i) risk capitation
- ☐ (ii) non-risk capitation
- ☐ (iii) other (e.g., brokerage fee and direct payment to providers)

Under a brokerage system, Kentucky is divided into fifteen (15) Non-Emergency Medical Transportation Regions which were established based upon regional medical utilization and referral patterns. The broker contract for each region is bid separately; however, a broker may be a successful bidder for more than one region. Each region has a single per member per month (PMPM) capitation rate which is paid to the regional broker for all transportation eligible recipients in that region. A single payment for each broker is made each month on a prospective basis. In the event one broker gains the contract in multiple regions, a blended PMPM rate is paid for all regions served by that broker.

The PMPM rate for each region is established based on historical utilization and cost patterns for the region. The PMPM rate for each region may be updated annually effective July 1st of each year if encounter data trends indicate that a region has experienced an increase in transportation utilization and/or cost which was outside of the control of the broker. PMPM rates may also be adjusted on an as needed basis if programmatic changes (i.e. State Plan or waiver changes) would result in a change in transportation utilization or if transportation cost factors (i.e. gas prices) result in a change in the projected cost of transportation.

If for any reason, a broker's contract is terminated before a replacement broker can be procured, non-emergency transportation reimbursement will revert to the methods applicable to non-emergency transportation described in Attachment 4.19-B, Section VII of the State Plan.

TN No.: 06-008
Supersedes
TN No.: New

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Effective Date: 06/01/06

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State/Territory: Kentucky

AMOUNT, DURATION, AND SCOPE OF MEDICAL AND REMEDIAL CARE
AND SERVICES PROVIDED TO THE MEDICALLY NEEDY

23. Any other medical care and any other type of remedial care recognized under State law and specified by the Secretary.

a 1. Transportation

☐ No limitations

☒ With limitations

Transportation is limited to individuals requesting transportation who lack access to free transportation that meets their medical needs. Transportation is only authorized for a Medicaid-covered service that has been determined medically necessary.

a 2. Brokered Transportation

☒ Provided under section 1902(a)(70)

The State assures it has established a non-emergency medical transportation program in order to more cost-effectively provide transportation, and can document, upon request from CMS, the transportation broker was procured in compliance with the requirements of 45 CFR 92.36 (b)-(f).

- (1) The State will operate the broker program without the requirements of the following paragraphs of section 1902(a);

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☐ (10)(B) comparability (indicate participating beneficiary groups)

☒ (23) freedom of choice (indicate mandatory population groups)

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☐ stretcher car

☒ bus passes

☒ tickets

☐ secured transportation

☒ such other transportation as the Secretary determines appropriate (please describe): Private automobiles, non-profit transit system, specialty carriers for non-emergency ambulatory disoriented persons, and specialty carriers using lift equipped vehicles in compliance with the Americans with Disabilities Act certified to transport non-emergency, non-ambulatory persons.

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- (3) The State assures that transportation services will be provided under a contract with a broker who:
- (i) is selected through a competitive bidding process based on the State's evaluation of the broker's experience, performance, references, resources, qualifications, and costs;
 - (ii) has oversight procedures to monitor beneficiary access and complaints and ensures that transport personnel are licensed, qualified, competent, and courteous;
 - (iii) is subject to regular auditing and oversight by the State in order to ensure the quality of the transportation services provided and the adequacy of beneficiary access to medical care and services;
 - (iv) complies with such requirements related to prohibitions on referrals and conflict of interest as the Secretary shall establish (based on prohibitions on physician referrals under section 1877 and such other prohibitions and requirements as the Secretary determines to be appropriate);
- (4) The broker contract will provide transportation to the following medically needy populations under section 1905(a)(i) – (xiii):
- ☒ Under age 21, or under age 21, 19, or 18 as the State may choose
 - ☒ Relatives specified in section 406(b)(1) with whom a child is living if child is a dependent child under part A of title IV
 - ☒ Aged (65 years of age or older)

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State/Territory: Kentucky

- ☒ **Blind with respect to States eligible to participate, under title XVI**
- ☒ **Permanently or totally disabled individuals 18 or older, under title XVI**
- ☐ **Persons essential to recipients under title I, X, XIV, or XVI**
- ☐ **Blind or disabled as defined in section 1614 with respect to States not eligible to participate in the State plan program under title XVI**
- ☒ **Pregnant women**
- ☒ **Individuals provided extended benefits under section 1925**
- ☐ **Individuals described in section 1902(u)(1)**
- ☐ **Employed individuals with a medically improved disability (as defined in section V)**
- ☒ **Individuals described in section 1902(aa)**
- ☒ **Individuals screened for breast or cervical cancer by CDC program**
- ☐ **Individuals receiving COBRA continuation benefits.**

(5) The State will pay the contracted broker by the following method:

- ☒ **(i) risk capitation**
- ☐ **(ii) non-risk capitation**
- ☐ **(iii) other (e.g., brokerage fee and direct payment to providers)**

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